



# Sam Brownback

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## News Release

February 2, 2000

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# BROWNBACK WANTED HOMESTEAD EXEMPTION IN BANKRUPTCY BILL

WASHINGTON – U.S. Sen. Sam Brownback today said he is not pleased that the Bankruptcy Reform Act (S. 625), which passed in the Senate today, did not include a homestead exemption.

“I support reforming our bankruptcy laws and placing Chapter 12 permanently into our bankruptcy code,” Brownback said. “It is imperative that we address the fraud and abuse of our bankruptcy system, while ensuring that people who are in considerable economic pain will be protected.

“However, I am extremely concerned with the provision in the bill which places a cap on homestead exemptions. I believe this cap will deprive many farmers the necessary protection of bankruptcy to save their farms and homes that have been in their families for generations.

“Kansas has a homestead law in our state constitution, dating back to 1859. Many farmers have used this law during times of economic hardship to protect their farms and homes. Many farming states have similar homestead laws, and this provision could have a significant impact on farmers, who are already faced with cash flow problems caused by low commodity prices. This provision also does not take into consideration the vastly different property values in various states that will be affected by this provision.

“Last year, the Senate passed a bankruptcy reform bill that included a 2-year residency and look-back requirement for those intending to use a homestead exemption. This was a reasonable solution to a problem that simply does not exist. A recent study of U.S. bankruptcy filings by the Executive Office for the United States Trustees concluded that homestead abuse is a ‘rare phenomenon’.

“While I believe we should prevent fraud and abuse of our bankruptcy system, preempting state homestead laws and imposing a one size-fits-all approach is not the answer. I therefore cannot support this bankruptcy bill in its current form.

“I will be working with the conferees in both the House and the Senate to reform our bankruptcy laws without putting a cap state homestead statutes,” Brownback said.